



U.S. Department of Housing and Urban Development

District Office of the Inspector General
Richard B. Russell Federal Building
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Atlanta, GA 30303-3388
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March 1, 1996

Audit-Related Memorandum
96-AT-248-1809

MEMORANDUM FOR: John Perry, Director, Community Planning and Development, 4AD

FROM: Kathryn Kuhl-Inclan
District Inspector General for Audit-Southeast/Caribbean, 4AGA

SUBJECT: Accounting System Evaluation
Initiative For Affordable Housing DeKalb Inc.
Tucker, Georgia

INTRODUCTION

From February 6-9, 1996, we performed a limited review of the financial management system of Initiative for Affordable Housing Dekalb Inc.(IAHD) as it relates to their upcoming Supportive Housing project. IAHD is designated as a program participant under grant no. GA06K15-103 5 awarded on July 10, 1995, by HUD to the Task Force For The Homeless (grantee). The grant award is for \$1,264,078 for acquisition, supportive services, operating costs, and administration with a goal to assist 34 homeless families. As of our review, IAHD had a 14-member Board of Directors, a full-time, salaried Executive Director, and 3 part-time volunteer social workers. With the supportive housing funds, IAHD plans to increase its full-time staff. IAHD had not yet signed its contract with the Task Force or received any grant funds.

SCOPE OF REVIEW

The purpose of our review was to provide you with reasonable assurance that this subrecipient of HUD's Supportive Housing funds has systems and controls in place to account for receipt and disbursement of grant funds, and to accumulate and document statistical data to demonstrate program accomplishments and prepare required reports. As you know, our review was not an audit made in accordance with generally accepted government audit standards.

We interviewed the Executive Director and fee accountant and obtained documentation as to whether: (1) an accounting system existed to capture and properly classify project expenditures, (2) the organization's staff appeared knowledgeable of its responsibilities as a recipient of Federal funding and as a contractor with the Task Force for the Homeless, (3) the organization

is legally established and appeared viable, and (4) the organization otherwise appeared reasonably prepared to carry out the objectives of its supportive housing program. At your request, we looked for areas which indicated a need for technical assistance and guidance by your office and/or the Task Force.

OBSERVATIONS

IAHD has established organizational, financial management, and program performance systems to accomplish its supportive housing program. The organization has previously received and properly administered pass-through HUD funding from a local government, has obtained professional accounting and auditing services, has an involved and functioning Board of Directors, and has experience in helping homeless families. IAHD's most recent audit report covers the year ended June 30, 1994 and contains an unqualified opinion on the financial statements. In addition, no adverse conditions were disclosed in the auditor's reports on internal controls and compliance with laws and regulations.

In the upcoming grant program, IAHD may find it necessary to apply Federal procurement regulations. Therefore, HUD and/or the Task Force should anticipate and provide IAHD technical assistance. In examining the Procedures Manual for Subrecipients, dated December 1995, given to this participant by the Task Force, we saw no information pertaining to the format for requesting funds or on the commitment for delivery of those funds. The package also did not have a copy of HUD's annual performance report or any instructions on collecting or reporting statistical performance data. This information needs to be clearly communicated.

This memorandum is for your information; no response is necessary. If you have any questions or need additional information, please contact Nancy H. Cooper, Assistant District Inspector General for Audit, at 1-3369.

DISTRIBUTION

Director, Community Planning and Development Division, 4AD
Director, Interagency Council on the Homeless, DEO
Director, Initiative for Affordable Housing DeKalb Inc.
Director, Atlanta Task Force for the Homeless

[18] From: Marcia E. Larner at atlpost1 12/2/96 9:15AM (200739 bytes: 2 ln, 1 fl
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To: Morris F. Grissom at OIGPOST2
Receipt Requested
bcc: Nancy Cooper, Marcia E. Larner
Subject: Missing Audit Reports

----- Message Contents -----

Text item 1:

Attached is the Affordable Housing ASE issued 3/1/96
(96-AT-248-1809).

File item 2: AFFORD.ASE 3/1/96 9:04AM

[16] From: Marcia E. Larner at atlpost1 12/2/96 9:12AM (244863 bytes: 2 ln, 1 fl
)

To: Morris F. Grissom at OIGPOST2

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Subject: Missing Audit Reports

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Text item 1:

Attached is the Bently Court audit issued 3/28/96
(96-AT-212-1810).

File item 2: BENTLY1.SC 3/28/96 9:38AM